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Survivors of historical child abuse will pay no tax on compensation payments.

There were fears that thousands of pounds could have been clawed back by the UK Treasury.

Deputy First Minister John Swinney told The Post he has now secured a commitment from Her Majesty's Revenue & Customs (HMRC) that payments will be exempt from tax.

In April Mr Swinney opened a financial redress scheme to survivors of abuse who are elderly or terminally ill. A wider payment scheme is due to open in 2021.

The Advance Payment Scheme offers a flat payment of £10,000 to abuse survivors who are terminally ill or aged 70 or over, if they can provide documentation that shows they were in care. They do not have to provide evidence they were abused.

Mr Swinney told The Post: "We want advance redress payments to provide the maximum possible benefit for recipients so I welcome HMRC's confirmation that payments will not be taken into account for the purpose of calculating income tax or capital gains tax."

Abuse survivor David Whelan, of campaign group Former Boys and Girls Abused at Quarrier's Homes, welcomed the announcement.

He said: "When we put forward the proposal for an Advanced Payments Scheme we raised the issue of unintended consequences of receiving an award. There was serious concern that it could be given with one hand and taken away with another.

"So, we are really pleased that the minister has negotiated this concession from HMRC. In many respects, it is a very positive development."



John Swinney (Andrew Cowan/Scottish Parliament)

Janine Rennie of charity Wellbeing Scotland, which delivers the In Care Survivor Service Scotland, which offers counselling to adults who were abused in childhood, said: “The survivors we work with have been waiting for justice for decades. We are very pleased that survivors will not have to pay tax on the Advance Payments as they will be vital to ensure some sense of security can be achieved for survivors who are over 70 or terminally ill.

“The advance payments will provide some support to survivors until the full redress scheme is rolled out in 2021.”

And Helen Holland of survivor group In Care Abuse Survivors said: “It is morally fitting that the advance payments are not taxed because this money is an acknowledgement of the abuse children suffered in care.”

The Scottish Government has set aside £10m this year for the Advance Payment Scheme.

Survivors of abuse can request an application pack by call a free telephone support line on 0808 169 9740.